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About Sustainability at Newalta

We operate with a governance structure that entrenches sustainability in our culture and ensures we continuously improve.

Reporting into our President and Chief Executive Officer, a Sustainability Steering Committee led by our Senior Vice President of Organization Development guides our program and ensures sustainability initiatives are aligned with our values. It is comprised of senior managers from environment, health and safety; government affairs; human resources; and corporate communications and community relations.

A cross-functional Operating Committee, which reports to the Steering Committee, implements programs, measures results and prepares our annual sustainability report.

Sustainability on the Web



You will find all of the information contained in this report, as well as additional detail and stories related to our sustainability efforts, by following the link on the homepage of our website at www.newalta.com.

Or simply capture the QR code with your smartphone.

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Corporate Profile

Newalta is in the sustainability business. We use our innovative technologies and processes to recover valuable products from industrial waste.

Leading companies in the oil and gas, petrochemical, refining, lead, manufacturing, mining, transportation and pulp and paper industries rely on Newalta to help meet their sustainability goals, including cost-effectively reducing their environmental impacts and staying aligned with increasingly stringent regulations.

Since 2005, we have expanded across Canada and leveraged our network of facilities, equipment and experienced people to process waste and recover products on our customers' sites.

In terms of revenue, cash flow and assets, we are now about 60 times larger than we were in 1993. And we've led a transformation in our industry from waste disposal to resource recovery and recycling.

Newalta trades on the Toronto Stock Exchange ("TSX") as NAL and NAL.DB. For more information, visit www.newalta.com.



President's Message

Newalta has more than doubled in size in the past five years. Our transformation from a Western Canadian company primarily serving the oil and gas industry to a national business focused on recovering products from waste across all major industry sectors reflects the value inherent in our innovative solutions.

We strive for excellence in all aspects of our business. This report charts our progress related to sustainability in 2010 and highlights targets for 2011 to stretch our organization, as we look to grow significantly in the next five years and, once again, transform our business.

Our integrated network of facilities has the capabilities and capacity to meet the waste processing needs of industry. Our onsite services, which were just a concept five years ago, are revolutionizing our markets by processing waste and recovering resources directly at customer sites in Canada and the U.S.

Ville Ste-Catherine, Québec Facility





In 2010, we made excellent progress in establishing our Technical Development team and are now pursuing promising technologies to expand the scope of wastes we process and broaden our capabilities in the future.

We recently completed independent energy consumption analysis, and life-cycle assessments of our key recovery processes, which determined the net carbon impact of our operations to be negative – a remarkable accomplishment given the size and scope of Newalta's operations.

"We strive for excellence in all aspects of our business."

We are making Newalta a career destination for people with the talent to deliver strong financial performance and sustainable business practices on behalf of our customers, shareholders, communities and the environment.

We look forward to doing more this year while growing our international reputation as an industry leader.

Alan P. Cadotte

President and Chief Executive Officer

Ala Platoth





Our Business

Newalta works with industrial customers throughout Canada delivering services and processes that improve their environmental performance. Our primary focus is on the recovery and reuse of resources and products from what are, today, wastes. We operate facilities from coast to coast and we operate on our customers' sites where the products we recover can be reused directly and transportation eliminated. We are searching worldwide to continue to provide our customers with the most advanced solutions available in the years ahead.

Newalta leads the industry with 2,000 talented people. We provide services through our network of 85 facilities and at our customers' sites in Canada and the U.S. Each year, we recover approximately \$400 million of products from industrial wastes.

Onsite operation, Fort McMurray, Alberta



Our approach to reducing waste and recovering products has proven to be cost-effective for our customers, good for the environment and positive for our shareholders.

Since 1993, Newalta has delivered steady, profitable growth. Average annual revenue and Adjusted EBITDA have grown by 30 percent.

Last year, we committed to capitalizing on the economic recovery in our markets and delivering improvements in revenue and EBITDA compared to 2009. In 2010, we significantly improved our financial performance year-over-year.

	2010	2009	Difference (%)
Revenue	\$ 576 million	\$ 483 million	+ 19
Adjusted EBITDA	\$ 119 million	\$ 82 million	+ 45
Return on Capital	13%	9%	+ 44

These financial measures do not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles ("GAAP"), and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP financial measures are identified and defined throughout Management's Discussion and Analysis in our 2010 Annual Report.

There is room for further improvement in 2011 as markets and economic conditions recover further. We also expect return on capital to move closer to our historical average of 18 percent.

"We will invest \$100 million in growth and maintenance capital this year to drive growth in 2012."





In 2010, we advanced both the Facilities and Onsite operating divisions.

"Our approach to reducing waste and recovering products has proven to be cost-effective for our customers, good for the environment and positive for our shareholders."

Facilities delivered \$394.5 million in revenue in 2010, an increase of 20 percent over 2009, and \$98.6 million in net margin, a 43 percent increase. In 2011, the division is focused on optimizing performance by modifying existing processes, adding new technologies and increasing capacity.

Onsite generated \$182.2 million in revenue in 2010, an increase of 16 percent year-overyear, and \$39.5 million in net margin, a 41 percent increase. It now has a half dozen longterm projects in place at customer sites with several more in the pipeline. Onsite work in 2010 included new opportunities with oil sands customers to treat tailings associated with mining. Our vast experience applying technologies in the oil and gas sector will help Newalta expand our presence in this emerging market in 2011.

In 2010, we committed \$62 million in growth capital to sustain, improve and grow our business, which will make a significant contribution to performance in 2011. We will invest \$100 million in growth and maintenance capital this year to drive growth in 2012.



Our Québec operations were one of a select group of six suppliers honoured in 2010 with the first-ever "BRAVO" award from Rio Tinto Alcan in the Saguenay region of to environmental protection by assisting Rio Tinto Alcan in reducing hazardous waste sent to landfill, and providing a high level of customer service.

North Vancouver, British Columbia Facility



We committed last year to supplementing the 150 engineers and chemists at Newalta and in 2010 established our Technical Development team to search worldwide for technologies that will enhance our capabilities to process more types of waste for more customers in the future.

In 2011, we will begin pilot-scale testing on those technologies with the best potential to cost-effectively solve our customers' environmental challenges, including a mobile water processing unit with BioteQ Environmental Technologies, a water treatment company in which Newalta has an equity stake.

Last year, we targeted a 10 percent increase in the 1.5 million barrels of crude, 63 thousand tonnes of lead and 21 million litres of base oil and lubricants we recovered in 2009. In 2010, we recovered 1.9 million barrels of crude oil, 68 thousand tonnes of lead and 22 million litres of base oil and lubricants, collectively exceeding our target.

In 2011, we will target an additional five percent increase in products recovered. We will add to the existing products we recover in the future by offering more solutions to customers and implementing innovative new technologies from around the world.

In 2010 we recovered:

- 1.9 million barrels of crude oil
- 68 thousand tonnes of lead
- · 22 million litres of base oil and lubricants



Our People

Our people take ownership, are responsible and are engaged in an organization where everyone is treated with dignity and respect. Employees are given opportunities to gain experience and training to develop their skills, and achievements are recognized.

Our business is unique and, in most cases, recruiting individuals with direct experience is not possible. Developing people to assume larger roles within the company has been, and will continue to be, a key priority.

We recruit highly skilled and experienced individuals with diverse backgrounds and a strong alignment with our core values. We further build our talent by investing in the training and development of our people.





< 1 Year</p>

19% • 1 - 2 Years 3 - 5 Years 45% • 6 - 9 Years 9% 10+ Years 7%

In 2010, we provided orientation to over 500 new people through our comprehensive onboarding programs. In 2011, we will provide onboarding to an additional 500 Newalta employees.

Last year, we committed to expanding leadership and management development. In 2010, we introduced a number of talent-development programs with an emphasis on professional and leadership development.

We launched our Foundations of Leadership training program with the Richard Ivey School of Business at the University of Western Ontario. In 2010, 60 Newalta leaders participated in this program, which develops skills and techniques to help senior managers grow as leaders. Many of our 2010 Ivey graduates are now applying those skills on projects to improve cohesion, flexibility and customer service in the organization.

In 2011, we will extend the Ivey program to future leaders in our organization.

*Partnerallips to -----development are rare. The pleasure of working with Newalta is that we know and trust each other well enough that we can challenge what the other is asking for or recommending. You always get better programs when this happens."

> Jeffney G. ada IVI. D. Professor, Managing Director, Program Design, Richard Ivey School of Business, The University of Western Ontario

Diversity at Newalta

Women	25%
Aboriginal Peoples	2%
Persons with Disabilities	2%
Visible Minorities	6%





Best Diversity Employers Award

Newalta was named one of Canada's Best Diversity Employers for 2010 as part of the Canada's Top 100 Employers competition sponsored by MediaCorp Canada. Judges recognized our three-year diversity plan, diversity-related communications program and Women's Leadership Network among other positive initiatives.

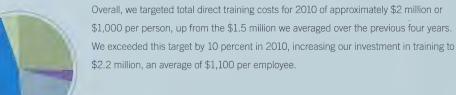
For more information, visit: www.eluta.ca/diversity-at-newalta



Age Demographics (2010 average)

<29 Years	15%
29 - 44 Years	45%
@ 45 - 55 Years	31%
• 56 - 63 Years	8%
64+ Years	1%

We also introduced Set for Success in 2010, a formal management development program to facilitate the growth of our front-line people in emerging leadership roles. Topics covered include expectations and competencies of a Newalta leader, building high-performance teams and safety leadership.



In 2011, we will invest \$2.5 million on direct training programs, including the launch of a new e-learning initiative.



Operations	575
 Information Technology 	75
Environment,	
Health & Safety	450
 Management/Leadership 	1,050

125

Education Assistance

Our Women's Leadership Network ("WLN"), comprised of women from senior-levels within the company, continued to identify and implement best practices in diversity and mentorship. As we committed last year, WLN hosted a national Women in Leadership conference in 2010 aimed at encouraging women to pursue their career aspirations to the fullest.



Women's Leadership Network event

Newalta provides a comprehensive benefits program, as well as a number of other initiatives, to create a healthy work environment and increase the quality of life for our employees and their families. In 2010, we opened the Discover Y childcare facility at our Calgary head office, which offers a stimulating learning environment for children and added convenience for their Newalta parents.

We will launch a new flexible benefits plan for our people in 2011 to allow them to tailor health and wellness benefits to best suit their unique needs.

Last year, we committed to conducting a formal employee engagement survey. The survey, which we executed in 2010, measured the satisfaction of our people and gathered input on our current programs. Survey results identified opportunities for improving communications and developing leadership capabilities. Plans are in place to address these issues in 2011.



Our Safety

Safety is, and will remain, our first priority. Safety excellence is achieved on talented people working as a team with quality equipment, training and urnerdures. We strive to eliminate all injuries and environmental incidents by constantly challenging ourselves to be better.

Our strong safety results lead our industry and reflect Newalta's focus on continuous improvement toward achieving our overall objective to ensure everyone returns home safely each day injury free. Our record has been pivotal in allowing us to enter new communities and markets, including operating on our customers' sites.

A key component of leadership development at Newalta is training both new and experienced people to ensure they have the tools and the knowledge to perform their jobs safely.

In 2010, nearly 100 Newalta managers and front-line staff completed our four-day DNV Loss Control Management program, which provides comprehensive guidelines and methodologies for key components of a leading safety management system.



President's Award Winner - Rouyn-Noranda, Québec Facility

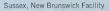
We also provided a three-day Safety Essentials for Supervisors and Managers ("SEFSAM") course to over 80 Newalta leaders to reinforce their knowledge and application of the various tools in our Environment, Health and Safety ("EH&S") program to achieve leading results.

In last year's report, we committed to delivering significant improvements in all areas of our EH&S program, a target we met in 2010 with several positive results.

Newalta scored 91 percent nationally in the "Partnerships in Health and Safety Certificate of Recognition" audit program in 2010 managed by Alberta Workplace Health and Safety, up from 90 percent in 2009.

In 2010, 83 of our 85 facilities were lost-time injury free, an improvement from 78 in 2009, while 60 had no recordable injuries of any kind, up from 53 in 2009.

"Our strong safety results lead our industry and reflect Newalta's focus on continuous improvement."





2010 Award Winners

Newalta's President's and Vice President's Awards are presented annually to recognize and reinforce a culture of safety and to drive safety performance excellence throughout the organization.

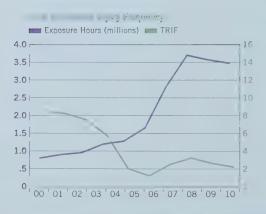
President's Awards are presented to the top-performing operations with 12 or more people. The 2010 winners were:

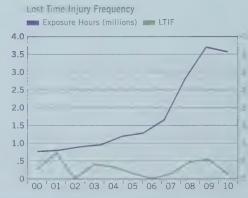
- Barrie, Ontario
- Gordondale, Alberta
- · Heavy Oil Onsite,
- · Rouyn-Noranda, Québec
- Sussex, New Brunswick

Vice President's Awards are given to top-performing operations with less than

- 12 people. The 2010 winners were:
- Drumhelfer, Alberta
- Nanaimo, British Columbia
- Richmond, Saskatchewan
- · Taber. Alberta

In last year's report, we targeted reducing the Total Recordable Injury Frequency ("TRIF") rate of our operations from 2.6 in 2009 to 2.2 in 2010. We successfully achieved this reduction with a rate of 2.2, while also lowering our Lost Time Injury Frequency ("LTIF") rate to 0.1 in 2010 from 0.6 in 2009.







Our target for 2011 is to reduce this industry-leading TRIF rate to 2.1, with a focus on reducing sprain and strain injuries related to slips and trips.

We also committed to improving our average Loss Control Activity Reporting ("LCAR") score to 90 percent from 85 percent in 2009. LCAR reflects the comprehensiveness of our safety program and measures specific leading elements at the facility level, such as inspections, risk assessments, observations, preparedness and communications. In 2010, we achieved this goal with an average LCAR score of 90 percent.

In 2011, our target is to further improve our average LCAR score to 93 percent.

From 2008 to 2009, we reduced environmental incidents (odours, spills and noise) by more than 40 percent. In 2010, we targeted reducing incidents by a further 10 percent. Weather events and minor storm water containment releases resulted in us falling short of our goal. These issues posed no significant risk to people or the environment.

"By sharing its insights and experience, Newalta is an active contributor to the Chemistry Industry Association of Canada's SHARE (Safety, Health, Analysis, Recognition and Exchange) network, and remains committed to continuous improvement in health and safety."

~ Stephanie Butler, Manager of SHARE for the Chemistry Industry Association of Canada

We will again strive to reduce environmental incidents by 10 percent in 2011.



The President's Award-winning team at our Barrie, Ontario
Facility enlisted the help of their children in developing a work-safe poster campaign to reinforce the importance of a safety culture at work and at home.





Our Environment

Contributing to a cleaner environment is what the 2,000 people at Newalta do every day for our customers, as well as in our own operations.

In addition to helping our customers reduce their environmental impact, we are committed to minimizing our own environmental footprint. We strive to be one of the most progressive companies in environmental stewardship through innovation and responsible management.

Last year, we committed to reporting more details of our efforts to reduce Newalta's environmental impact. In 2010, we successfully implemented a number of new initiatives.

As part of our continuous improvement efforts, we committed to challenging every Newalta facility and office to identify, develop and implement new ideas and approaches to improve environmental performance in 2010.

Stauffer, Alberta Facility



As a result, each location included an environmental initiative in its annual targets.

We also established an office "Green Team" at our Calgary headquarters to spearhead environmental-practice improvements. We are launching Green Teams at our Burlington, Ontario, North Vancouver, British Columbia, Brossard, Québec and Dartmouth, Nova Scotia regional offices in 2011.

We committed to creating a communications forum to foster the exchange of ideas and best practices across the company. In 2010, we launched a new electronic message board, the *Newalta Forum*. Environmental improvement initiatives were also shared at Regional Environmental and Safety Steering Committee meetings.

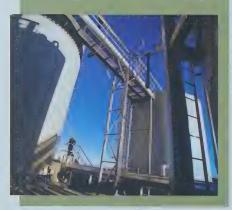
We will continue to increase information and idea sharing throughout the organization in 2011.

Consistent with our commitment in last year's report, we began using environmental cost/benefit analysis in our capital planning process in 2010. We also introduced environmental sustainability as a key criterion in judging our President's and Vice President's Awards.

In last year's report, we targeted completing baseline reviews of our energy and water usage. In 2010, we began to track company-wide water consumption and expect to complete these baselines in 2011 in order to establish future reduction targets.

"We committed to challenging every Newalta facility and office to identify, develop and implement new ideas and approaches to improve environmental performance in 2010."





In the meantime, several of our locations implemented water conservation measures. For example, our Gordondale, Alberta Facility saved about 1 million litres of fresh water consumption by using leachate from our Spirit River, Alberta Facility to flush vacuum truck tanks after they are offloaded.

We began to baseline Newalta's energy consumption and carbon footprint internally in 2009. In 2010, we engaged an independent third party to measure the total carbon dioxide ("CO₂") equivalent emissions of our operations and to undertake life-cycle assessments ("LCAs") of our most significant product recovery processes, including crude oil recovery, and used lube oil and lead recycling.

In 2010 Newalta's total gross CO2 equivalent emissions were approximately 155,000 tonnes.

Recovering products from waste often takes less energy than that required to produce virgin products. Life-cycle assessments determined that our key processes collectively provided Newalta with a carbon benefit compared to the primary production of these resources of approximately 170,000 tonnes of CO₂ in 2010 equivalent to removing 32,000 passenger vehicles from the road.

The offsets derived from processes we analyzed through LCAs exceeded the total emissions of our entire operations, meaning Newalta achieved net-negative carbon emissions in 2010 – by approximately 15,000 tonnes.

In 2011, we will target improving our net carbon impact by a further 50 percent.





Our Community

We reach out to the communities in which we operate to explain our business and our plans, and to understand our neighbours' concerns and objectives.

We are segacing purposally, productionally, and formula with the very segacing purposally, productionally, and formula with the communities where we live and work.

We commit to collaborating with stakeholders and contributing to the health and well-being of the communities where we operate because we not only work in these communities, we live in them too.

To enhance interaction with our stakeholders, we introduced public participation training in 2010 through the International Association for Public Participation ("IAP2"). This training enables our people to develop strategies and techniques to more effectively engage our neighbours and other stakeholders in our planning processes.

In 2011, we will train more people in stakeholder engagement programs.

"Newalta continues to appreciate how the essence of what it does fits with Aboriginal peoples being stewards of the earth. I applaud the company on the significant steps it is taking to help Newalta employees realize the growing business exist with Aboriginal a respectful and collaborative way."

~ Tom Erasmus. Aboriginal Relations We strengthened our relationships with elected officials, senior government staff, and environmental and community planning departments in 2010 to deepen our understanding of the environmental and waste management issues facing governments at all levels.

In 2011, we will engage in further discussions with various stakeholders on used oil management issues, seeking to increase public awareness of the value of used oil as a recyclable resource.



Aboriginal Relations training session

Last year, we committed to working more closely with our Aboriginal neighbours. In 2010, among other initiatives, Newalta developed a business and marketing agreement with the Woodland Cree First Nation as part of our plan to open a facility near Peace River, Alberta in 2011. We also delivered Aboriginal Relations training to several of our senior managers.

We will continue to develop closer ties with Aboriginal communities across Canada in 2011 and will explore certification in the Progressive Aboriginal Relations Program conducted by the Canadian Council for Aboriginal Business.



We better defined our community investment areas of support in 2010 and sharpened the internal process by which donation and sponsorship opportunities are evaluated.

Our largest investments of time and money are focused on specific national issues and charitable organizations for which Newalta executives champion relationships and lead the focused development of our contribution strategies. Some of these areas include:

- Academic/education issues, such as a new relationship we developed in 2010 with the University of Montréal and a program it is establishing to research and teach best practices in sustainability
- Environmental initiatives, which in 2010 included committing to sponsorship of a new Waste and Recycling Exhibit, opening in 2011, at Science World British Columbia in Vancouver
- Women's emergency shelters, in cities including Calgary and Montréal
- UNICEF and United Way across Canada
- Ronald McDonald Houses in Vancouver, Calgary, Hamilton and Halifax









Wild Bird Trust of B.C.

Recently, we committed support to the Wild Bird Trust of British Columbia. Founded in 1993, this non-profit organization has transformed an industrial site adjacent to Newalta's North Vancouver re-refinery into the area's first wildlife sanctuary. In addition to financial support for construction of a Nature House facility to host community events and school groups, our people volunteer on the site year round, removing invasive vegetation and maintaining the three kilometres of wheel-chair accessible trails and surrounding beach.



Last year, we targeted community contributions of 1.25 percent of pre-tax profit. We exceeded this objective in 2010 by contributing 2.5 percent of pre-tax profit, taking advantage of a number of outstanding opportunities that emerged to support our communities.

In 2011, we will maintain community investment above 1.25 percent of pre-tax profit.

Related to this commitment, Newalta became one of 120 Canadian members of the Imagine Canada Caring Company program in 2010, which demonstrates our support of the principles of corporate citizenship and benchmarks for community investment established by this well-respected organization. This membership enhances our understanding of best practices in giving and connects our community investment strategy to those of our major customers.

We also committed in last year's report to encouraging our employees to be involved in the communities in which they live and work. We placed a greater emphasis on volunteerism in 2010 and our people participated in more volunteer initiatives than ever before.

In 2011, we will continue to increase employee volunteer initiatives.



- "I congratulate the employees of Newalta on their leadership in community investment and membership in the Caring Company program. Canadians have long recognized and appreciated the efforts of the companies that support and sustain the very communities in which they operate. As a caring company Newalta is among Canada's corporate leaders in providing a thoughtful and comprehensive community investment program that demonstrates exceptional performance and commitment to the community."
- ~ Marcel Lauzière, President and CEO, Imagine Canada



Our Industry

As an organization with operations from coast to coast, Newalta is an industry leader. We work with our peers, individually and in associations, to share information and best practices, to improve safety performance and to advance policies that better protect people and the environment.

Newalta is a member of a number of industry associations and related organizations at both regional and national levels. These relationships provide a valuable link to the business community, industry peers, customers, and regulatory and government agencies in jurisdictions where we operate.



In 2010, we made significant progress preparing Newalta for our first verification under the Chemistry Industry Association of Canada's ("CIAC") Responsible Care® program. We continued to evaluate our policies and practices relative to Responsible Care codes and we increased our involvement with CIAC through membership on the board of directors and in various committees.

Newalta Awarded for Innovation

In 2010, the Sarnia Lambton Chamber of Commerce presented Newalta's Sarnia Onsite operations with its Outstanding Business Achievement Award in the category of technology and innovation for the services we provide to local refinery and chemical industry customers to reclaim value from waste and reduce environmental impacts.



In 2011, we will continue to prepare for Responsible Care verification and contribute to CIAC committees and initiatives.



As a member of the Canadian Manufacturers and Exporters association, in 2010 we presented to its Sustainable Manufacturing Summit on "Integrating Sustainability in the C-Suite," alongside global leaders including Ford Motor Company of Canada.



We also sponsored and helped organize the Canadian Institute of Planners' "Climate Change + Communities" conference in Montreal, which addressed climate and community planning issues, including waste management.



In 2010, we joined the Business Council of British Columbia, continued our long-standing association with the Offshore-Onshore Technologies Association of Nova Scotia, and contributed to a number of environment-related associations. This included groups such as the Environmental Services Association of Alberta, Le Conseil des Entreprises de Services Environnementaux in Québec and the Ontario Environment Industry Association.

In 2011, we will build on these initiatives and increase our involvement with a range of key industry partners and associations.

- "As the leading environmental services provider in Canada, Newalta plays a key role in helping the chemistry industry deliver on its Responsible Care® commitments to innovate, conserve resources, and ensure the stewardship and security of its products throughout their lifecycle."
 - ~ Bob Masterson, Vice-President of Responsible Care for the Chemistry Industry Association of Canada



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Designed by Bryan Mills Iradesso



NEWALTA

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newalta.com





Recycled



18 trees preserved for the future



23 kg water-borne waste not created



28,557 L wastewater flow saved



379



746 kg net greenhouse gases prevented



378 kg greenhouse gas emissions not generated

The savings opposite are achieved when PC recycled fiber is used in place of virgin fiber. Newalta uses 839 kg of paper which has a post-consumer recycled percentage of 100%. Additional savings if paper is manufactured with windpower and carbon offsets.

